

FISCAL NOTE

HB 3401 - SB 3312

March 10, 2004

SUMMARY OF BILL: Revises provisions relating to Workers' Compensation to:

- Eliminate multiplier for permanent partial disability awards and caps benefits at impairment rating when the employee returns to work.
- Allow the Commissioner of Commerce and Insurance to request any information to determine whether a self-insured employer or pool of employers are financially and actuarially sound.
- Eliminate the maximum of six times the medical impairment rating in permanent partial disability when the employer does not return employee to work. Allows maximum permanent partial disability award of 400 weeks.
- Increase penalties, based on the number of days that an employer or the employer's insurance carrier fails to pay any workers' compensation payments, to 15% on payments that are between 15 to 20 days past due, 20% on payments that are paid between 21 and 30 days past due, and 30% on payments that are more than 30 days past due.
- Allow workers' compensation specialists to order mandatory meetings of the parties for a benefit review conference. Authorizes the specialists to conduct the benefit review conference, order initiation of temporary disability and medical payments to settle cases.
- Make the benefit review conference mandatory in all cases of workers' compensation. A court may not conduct a trial or enter an agreed order without a report from a workers' compensation specialist, unless otherwise permitted.
- Require the Advisory Council on Workers' Compensation to study issues related to medical costs in workers' compensation and make a recommendation concerning a medical fee schedule to the General Assembly on or before January 15, 2005.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$481,500 Recurring
\$30,000 One-Time

Decrease State Expenditures - Exceeds \$100,000/Claims Award Fund
Decrease Local Govt. Expenditures - Exceeds \$100,000

Estimate assumes:

- an increase in state expenditures to the Department of Labor and Workforce Development for 12 positions and related expenses to administer the provisions of the bill.

- any increase to the Department of Commerce and Insurance can be handled with existing staff and budgeted resources.
- courts could not conduct a trial or enter an agreed order without a report from a workers' compensation specialist.
- a decrease in local government expenditures from municipal employees returning to employment after injury due to the elimination of the multiplier.
- benefits of unemployable persons would decrease.
- mandatory benefit review conferences would decrease litigation costs.
- a decrease in expenditures from the Claims Award Fund by limiting recovering to the impairment rating – with no multiplier. Currently, when an employer returns an injured employee to the same or greater wage position after an injury, any disability settlement as a result of said injury is limited to 2.5 x the impairment rating.

For informational purposes, current law provides that a court may order a workers' compensation benefit review conference.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and a distinct "W".

James W. White, Executive Director